

From: TerryBibbens@aol.com
Sent: Sunday, April 03, 2005 11:29 PM
To: restructure.sizestandards@sba.gov
Subject: From a VC firm--do not change to rules to permit large VC firms to participate
Dear Size Standards Office Representatives:

As the Managing Director of a venture capital firm in final stages of formation, I request that SBA not change the size standards for SBIR qualifications to permit firms with a majority ownership by large VC firms to participate in the SBIR program. My reasoning is:

1. It is not necessary to encourage more small firms to participate in the SBIR program. The SBIR program is highly competitive and that keeps the quality of the proposals high--as reported in all of the GAO studies on the program since its inception.
2. It is absolutely not necessary to encourage venture capital firms to invest in U.S. technology, including the biotech industry. We currently have almost \$16 billion on overhanging venture capital looking for good investments--the SBIR \$2 billion in annual funding for small companies would not cause any significant change in the investment of these firms.
3. Large VC firms do not need the R&D dollars of the Federal Government to help them make their decisions, nor to help in their investment returns.
4. Large VC firms obtain most of their money from pensions, insurance companies, and large firms. These primary investors do not need the help of the Federal Government to improve their returns to their beneficiaries.
5. The history of the SBIR program as reported by SBA and the GAO have shown that the research by the small companies is every bit as good as that produced by the 97.5% of the Federal Research Budgets that are spent on large companies and universities (the vast majority of the Federal R&D budget not provided to small businesses under the 2.5% set aside of the SBIR program). We should not permit large companies the opportunity to use their venture organizations to establish sham small companies funded by them to misuse the SBIR funds.

Thank you for your consideration.

Best regards,

Terry

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